*J.W.*

Canadian Jamieson Mines Limited

FOURTH ANNUAL REPORT
FOR THE YEAR ENDED MARCH 31, 1968

Canadian Jamieson Mines Limited

OFFICERS	A. T. Griffis, <i>President</i> G. J. Killeen, <i>Vice-President</i> R. H. Pope, <i>Treasurer</i> R. C. Bragagnolo, <i>Secretary</i>
DIRECTORS	R. C. Bragagnolo A. T. Griffis G. J. Killeen R. D. Lawrence J. J. Parisi R. H. Pope D. H. Wigston
AUDITORS	Thorne, Gunn, Helliwell & Christenson
REGISTRAR AND TRANSFER AGENT	Guaranty Trust Company of Canada 366 Bay Street, Toronto 1, Ontario
CONSULTING ENGINEERS	Watts, Griffis and McOuat Limited 159 Bay Street, Toronto, Ontario
HEAD OFFICE	251 Third Avenue, Timmins, Ontario
EXECUTIVE OFFICES	Suite 911, 159 Bay Street, Toronto, Ontario

OUR COVER . . .

The colour photograph on the front cover illustrates the 400-ton concentrator and surface plant.

Canadian Jamieson Mines Limited

PRESIDENT'S REPORT

To the Shareholders

I AM VERY pleased to make this fourth report to you on behalf of the directors. During the second full year of production substantial progress was made.

As you know, a dividend of 10¢ per share was paid on June 28, 1968. During the latest fiscal year ended March 31, net profit was \$1,025,925 (40¢ per share) as compared with a net profit of \$444,565 during the previous year.

All outstanding Series A and B debentures are now retired; a total of \$1,017,903 was repaid since March 31, 1967. The Series A debentures were redeemed in full on May 31, 1968, while the Series B were retired out of concentrate settlements in February, 1968.

In addition, a loan from a chartered bank against concentrates in stockpile, which amounted to \$250,000 on March 31, 1968, has since been repaid.

As a result, the company is now in excellent financial health and all profits will be available for corporate purposes.

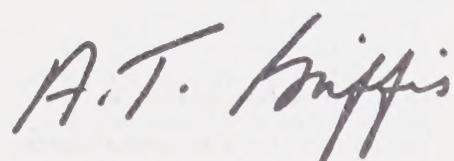
Operations at the mine are proceeding in a normal fashion and I refer you to the manager's report for details.

Shipments of zinc concentrates continue on a regular basis. The first shipment of copper concentrates in the 1968 shipping season to Sweden was made on April 29; further shipments of copper concentrate are planned for mid-August and late fall.

Our program of exploration on the fifth level is now well advanced and proceeding on schedule. Upon completion of drifting on this level, underground exploratory diamond drilling will be accelerated. The directors have approved a further exploration program on the company's property in MacDiarmid Township which is now in progress. The electromagnetic survey has outlined several interesting anomalies. Surface diamond drilling will be carried out if warranted.

Once more, I am pleased to acknowledge the work of our staff throughout the year, under the capable direction of Mr. Ross MacPhail.

On behalf of the Board,



July 5, 1968

A. T. Griffis,
President

Canadian Jamieson Mines Limited

(Incorporated under the laws of Ontario)

BALANCE SHEET — March 31, 1968

(with comparative figures at March 31, 1967)

ASSETS	1968	1967
CURRENT ASSETS		
Cash	\$ 16,644	
Concentrate settlements outstanding and concentrates on hand at estimated net realizable value (note 1)	1,535,101	\$ 766,037
Prepaid expenses and sundry receivables	19,585	32,533
	<hr/>	<hr/>
	1,571,330	798,570
	<hr/>	<hr/>
FIXED ASSETS		
<i>Buildings and equipment, at cost</i>	1,681,870	1,577,560
Less accumulated depreciation (note 4)	697,578	312,067
	<hr/>	<hr/>
<i>Mining properties, at cost</i>	984,292	1,265,493
	703,704	703,039
	<hr/>	<hr/>
	1,687,996	1,968,532
	<hr/>	<hr/>
OTHER ASSETS AND DEFERRED CHARGES		
Supplies, at average cost	57,544	67,759
Reproduction and development expenditures, less amortization (note 4)	523,711	777,904
Debt discount and expenses, less amortization (note 4)	108,000	162,000
Other assets and deferred charges	19,457	12,775
	<hr/>	<hr/>
	708,712	1,020,438
	<hr/>	<hr/>
	\$3,968,038	\$3,787,540
	<hr/>	<hr/>

Approved by the Board
A. T. GRIFFIS, *Director*
R. H. POPE, *Director*

AUDITORS' REPORT

To the Shareholders of
Canadian Jamieson Mines Limited

We have examined the balance sheet of Canadian Jamieson Mines Limited as at March 31, 1968 and the statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
July 19, 1968

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

	LIABILITIES	
	<i>1968</i>	<i>1967</i>
CURRENT LIABILITIES		
Bank overdraft	\$ 16,338	\$ 16,338
Bank loan — secured (notes 2 and 3)	\$ 300,000	\$ 300,000
Accounts payable and accrued liabilities	278,190	440,549
Taxes payable	157,102	62,299
	685,292	819,186
LONG TERM DEBT		
Debentures payable		
Series A — 7% due December 31, 1969 (note3)	320,000	640,000
Series B — 9% due December 31, 1968 (\$352,404 U.S. Funds)	377,903	
Mortgage payable — 6½ %	13,630	
	320,000	1,031,533
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized — 5,000,000 shares of \$1 each		
Issued — 2,546,006 shares	2,546,006	2,546,006
Deduct discount less premium	1,053,750	1,053,750
	1,492,256	1,492,256
RETAINED EARNINGS		
	1,470,490	444,565
	2,962,746	1,936,821
	\$3,968,038	\$3,787,540

Canadian Jamieson Mines Limited

STATEMENT OF INCOME
YEAR ENDED MARCH 31, 1968
 (with comparative figures for 1967)

	1968	1967
Revenue		
Concentrates produced (net value after smelting and refining charges)	\$4,066,306	\$2,736,116
Less shipping and marketing costs	493,336	337,868
	<hr/>	<hr/>
	3,572,970	2,398,248
Operating Expenses		
Mine exploration	105,434	34,185
Mining	651,513	420,739
Milling	553,778	511,853
Ontario mining tax	100,000	46,500
Mine management, office and general property expenses	231,406	137,868
Head office administration and general expenses	60,377	60,570
	<hr/>	<hr/>
	1,702,508	1,211,715
Operating income before the following expenses	<hr/>	<hr/>
	1,870,462	1,186,533
Other Expenses		
Depreciation of buildings and equipment (note 4)	385,512	312,066
Amortization of preproduction and development expenditures (note 4)	344,963	277,637
Interest on long term debt	62,017	101,979
Amortization of debt discount and expenses (note 4)	54,000	54,000
	<hr/>	<hr/>
	846,492	745,682
Interest and other income	<hr/>	<hr/>
	1,023,970	440,851
	1,955	3,714
Net income for the year (note 5)	<hr/>	<hr/>
	\$1,025,925	\$ 444,565
	<hr/>	<hr/>

STATEMENT OF RETAINED EARNINGS

YEAR ENDED MARCH 31, 1968
 (with comparative figures for 1967)

Balance at beginning of year	\$ 444,565	
Net income for the year	1,025,925	\$ 444,565
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Balance at end of year	\$1,470,490	\$ 444,565
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Canadian Jamieson Mines Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED MARCH 31, 1968

(with comparative figures for 1967)

Source of funds	1968	1967
Net income for the year	\$1,025,925	\$ 444,565
Charges to income not requiring a current outlay of funds		
Depreciation of buildings and equipment	385,512	312,066
Amortization of preproduction and development expenditures	344,963	277,637
Amortization of debt discount and expenses	54,000	54,000
	<hr/>	<hr/>
	1,810,400	1,088,268
Mortgage on property		13,630
Sale of Series A debentures		90,525
Sale of Series B debentures		102,619
Proceeds from issue of capital stock		59,169
Other sources	10,215	341
	<hr/>	<hr/>
	1,820,615	1,354,552
	<hr/>	<hr/>
Application of funds		
Mine development expenditures	90,769	221,801
Purchase of one patented mining claim		20,000
Additions to buildings and equipment, net	104,310	443,762
Payments on long term debt		250,000
Mortgage on mining claims		320,000
Series A debentures	377,903	267,659
Series B debentures		13,630
Mortgage on residence		7,349
Other applications		44,151
	<hr/>	<hr/>
	913,961	1,247,373
	<hr/>	<hr/>
Improvement in working capital position	906,654	107,179
Working capital (deficiency) at beginning of year	(20,616)	(127,795)
	<hr/>	<hr/>
Working capital (deficiency) at end of year	\$ 886,038	\$ (20,616)
	<hr/>	<hr/>

Canadian Jamieson Mines Limited

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1968

1. METAL PRICES

In computing the estimated net realizable value of concentrate settlements outstanding and concentrates on hand at March 31, 1968

- (a) Concentrate settlements have been included at the values received subsequent to the fiscal year end.
- (b) Concentrates on hand have been valued at their estimated net smelter settlement price after allowances for shipping and marketing costs in accordance with the contract in force.

2. BANK LOAN

The bank loan is secured by metal settlements outstanding and concentrates on hand.

3. SUBSEQUENT EVENTS

Subsequent to the date of the balance sheet

- (a) the balance of the Series A debentures and the bank loan were repaid
- (b) a dividend of 10¢ per share was declared May 13, 1968 and paid on June 28, 1968

4. DEPRECIATION AND AMORTIZATION

The cost of buildings and equipment (less estimated residual value), preproduction and mine development expenditures and debt discount and expenses are being depreciated and amortized over the life of the estimated ore reserves.

5. INCOME TAXES

Income from the operation of the mine is exempt from tax for a three year period from May 1, 1966.

6. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of the company's directors and senior officers (including the five highest paid employees as required by The Ontario Corporations Act):

	1968	1967
Directors and officers	\$ 6,100	\$ 4,250
Other employees	55,230	55,050

7. COMPARATIVE FIGURES

The comparative figures for 1967 have been reclassified in accordance with 1968 presentation.

Canadian Jamieson Mines Limited

MINE MANAGER'S REPORT To the President and Directors

Dear Sirs:

This report for the fiscal year ending March 31, 1968, is submitted for your consideration.

Production

During this second year of production 139,666 tons of ore with an average grade of 2.8% copper and 4.7% zinc were treated in the concentrator. The average milling rate achieved during the year was 382 tons per calendar day. By comparison the rate achieved during the previous year was 341 tons per day.

Production of copper concentrate amounted to 19,223 tons grading 18.47% copper all of which was sold to Boliden Aktiebolag on the basis of LME prices. Copper recovery was 7,095,786 pounds of copper representing 89.4% of the metal content in the ore. Normally this concentrate was shipped to Three Rivers, Quebec and stockpiled for ocean shipment but during the winter months it was stockpiled at the mine.

Zinc concentrate sold to the New Jersey Zinc Company totalled 8,633.3 tons grading 53.8% which was sold at the East St. Louis Average price. In early January a change in destination from Palmerton, Pennsylvania to Port Maitland, Ontario was effected. Zinc recovery was 9,313,819 pounds representing 70.3% of the metal content of the ore.

Mining

Fourteen separate stoping locations of various sizes were operated on four producing levels during the year to mine the rolling sections of the massive sulphide ore. Some of these are being developed, while others are almost being terminated. The original schedule of mining the smaller ore sections, as soon as possible, is being met leaving only the long hole stope to be mined throughout the whole stoping cycle.

During the year, ore production of 28,075 tons grading 2.84% copper and 4.38% zinc was achieved on the first level, while 40,514 tons of ore grading 2.46% copper and 4.66% zinc were produced on the second level. Production from the third level was 34,791 tons of ore grading 2.73% copper and 4.41% zinc and on

the fourth level was 35,593 tons of ore grading 3.38% copper and 5.45% zinc.

Development

Mine development work was concentrated on the fifth level which was extended a further 940 feet east and 1,700 feet west. This opened a new exploration horizon from which a regular pattern of diamond drilling could be effected. On the first and second levels, a total of 1,290 feet of drifting was completed to permit the mining of the north zone. Also on the first level drifting was extended 70 feet into the south limb of the 1-S-1 stoping area. The southern extremities of the panel stope were reached by extending the drift 225 feet to provide additional drawpoints for ore removal.

Underground Development Summary

	Drifts and Crosscuts Feet	Raises and Boxholes Feet	Diamond Drilling Holes	Feet
Previous Year	1,490	1,797	54	5,155
This Year	3,950	1,288	48	14,360
Total To-date	9,068	3,969	191	25,515

Underground Equipment

The underground ventilation system was improved by the installation of fire doors at each station entry and a 30,000 cfm mine air heater placed over the collar of the surface ventilation raise. A second, five-stage, 150 HP, water pump was installed on the fifth level complete with its own pipe lines and electrics and an additional drain water settling basin was cut at the fifth level station.

The expanded development and stoping work in the mine required additional pieces of all types of equipment. Two 1½-ton battery trammers; three battery chargers; two 21 Eimco loaders; two 12-HP, two-drum slusher hoists and 36-inch scraper hoes; two 60 cubic-foot, granby-type mine cars; a replacement skip box; six jackleg rock drills and miscellaneous tools were purchased.

Surface

A water supply system from Godfrey Creek which will provide fresh, uncontaminated water for the flotation circuit was completed.

Canadian Jamieson Mines Limited

A new asphalt-covered concentrate storage pad was located to the south of the concentrator. Over 10,000 tons of copper concentrate was stored on this pad last winter to eliminate shipping problems. Handling of concentrates was achieved with a new 5-ton truck and 2 cubic-yard front-end loader.

Conversion of a former storage building now provides improved office space for the mine, mechanical and electrical superintendents while the former mine superintendent's office was renovated for a first-aid post. A new storage shack for drill core and a lime storage shed along side the mill were also completed.

The employees' parking area and the office grounds were paved with asphalt. Entry to the property is now much improved.

Mill

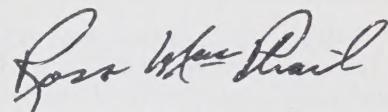
The copper dryer was completely rebuilt during the year and the ventilation system altered to eliminate overheating of the concentrate. The cone crusher was overhauled with new drive gears and bushings and a spare head and shaft assembly purchased to provide a

safety factor against breakage, and simplify routine maintenance work. Spare pinion gears for the primary ball mill and gears and bearings for the speed reducer of this unit were also purchased.

Considerable experimental work was performed on the flotation circuit resulting in an improved copper and zinc recovery. The addition of larger cyclones to the regrind circuit has provided a more versatile flotation and grinding procedure.

In conclusion, I wish to thank the officers and directors for their support and the staff and all employees for their co-operation.

Respectfully submitted,



Ross MacPhail,
Manager.

Timmins, Ontario.
April 1, 1968.

PRODUCTION

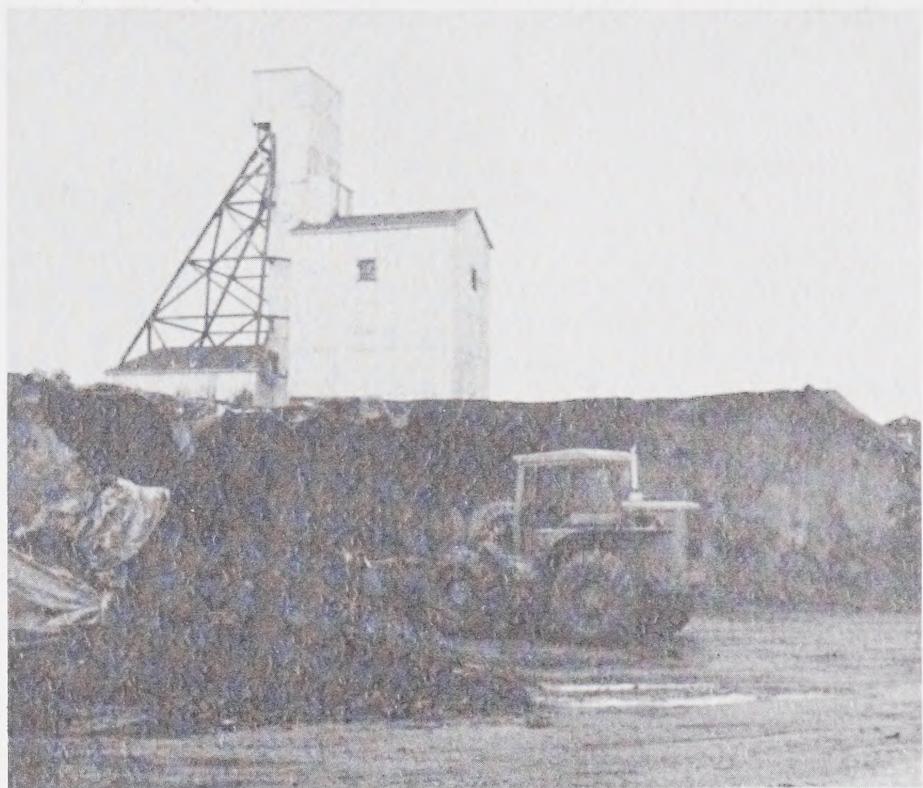
(during the year ended March 31, 1968)

	Grade		
	Short Tons	Copper %	Zinc %
Ore Milled	139,666	2.84	4.73
Concentrate Produced			
Copper Concentrate (dry)	19,223	18.47	
Zinc Concentrate (dry)	8,633		53.8

RESERVES

(as at March 31, 1968)

Ore Reserve (after 15% dilution)			
Broken Ore underground	40,661	2.66	3.76
South Zone Upper	24,100	2.38	3.69
South Zone Lower	4,000	2.50	4.00
Upper Centre Zone West	24,212	2.05	3.88
Upper Centre Zone East	30,750	3.64	4.36
Lower Centre Zone	74,750	3.03	3.95
North Zone	74,150	2.18	4.18
Total Reserves	272,600	2.70	4.00



Loading copper concentrate from stockpile, Canadian Jamieson Mines.

ANNUAL MEETING

Annual and general meeting of share-holders of Canadian Jamieson Mines Limited will be held in the Empire Hotel, Timmins, Ontario, on September 28, 1968, at 2 p.m.